

**Managed Risk Medical Insurance Board
December 15, 2004**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H.

Ex Officio Members Present: Edward Heidig (standing in for Ed Mendoza), David Topp

Staff Present: Lesley Cummings, Joyce Iseri, Denise Arend, Laura Rosenthal, Janette Lopez, Irma Michel (retired) Glenn Hair, Ernesto Sanchez, Sarah Soto-Taylor, Carolyn Tagupa, JoAnne French

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

Before starting the agenda, the Board acknowledged Joyce Iseri, who is retiring as Chief Deputy Director on December 31. Ms. Iseri was presented with an award to commemorate her service to MRMIB. Chairman Allenby then introduced the new Chief Deputy Director, Denise Arend.

REVIEW AND APPROVAL OF MINUTES OF OCTOBER 27, 2004, MEETING

A motion was made and unanimously passed to approve the minutes of the October 27, 2004, meeting.

FEDERAL LEGISLATIVE UPDATE

Laura Rosenthal reported that staff has been working with the Governor's Washington, D.C., office in an attempt to modify pending federal legislation addressing the standards for high risk pool funding. This legislation has been a priority for many states because, in addition to modifying the standards for high risk pool funding, it continues funding for additional years. The Senate passed a version of the bill that addressed some, but not all, of California's concerns. The House version of the bill did not move before the session ended. It is expected that there will be further attempts to continue funding, and MRMIB will continue to work the Governor's D.C. office.

Glenn Hair reported that efforts to move forward on S. 2759 (Rockefeller), the proposal to address the \$1.1 billion in expired SCHIP funding, will not be completed during the current session. Since Charles E. Grassley (R-Iowa), Chairman of the Senate Finance

Committee, is committed to restoring the funding for SCHIP, the issue will likely continue when Congress reconvenes.

Chairman Allenby asked if there were any questions or comments; there were none.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Ernesto Sanchez reported that there are 694,048 children enrolled in HFP as of November 30, 2004. He reviewed the enrollment data regarding ethnicity, gender, and the top five counties in enrollment. The Single Point of Entry (SPE) data will be given at the next meeting.

Janette Lopez reviewed a report on disenrollments, distinguishing between “unavoidable” and “possibly avoidable” disenrollments. The percentage of disenrollments due to non-payment of premiums is lower than last year. The major area of concern in the “possibly avoidable” disenrollments is with annual enrollment review (AER). The rate of disenrollments due to AER information not received is higher than in prior years. Staff and Maximus are working to figure out why. Staff asked Maximus to validate that AER packets are, in fact, being mailed out and found that 100% were. Staff is in the middle of an audit in which they are reviewing AER charts. Staff has reinstituted a disenrollment survey which inquires why subscribers disenrolled. Soon, certified application assistants (CAAs), will be able to obtain information on enrollment status which should help them do follow-up with applicants and subscribers at AER. This will occur because MRMIB is creating an authorized representative form which provides subscribers with the opportunity to authorize the sharing of their application information. Staff is also working with advocates and the California Teachers Association on retention.

Dr. Crowell pointed out that even though MRMIB is able to fill some of its vacancies, there remains a serious reduction in staff which hampers the ability to get to the bottom of these issues. Hopefully, the Administration will be supportive of position restorations as the reduction in staff has been counter-productive.

Administrative Vendor Performance Report

Ernesto Sanchez presented the Administrative Vendor (AV) Performance Reports for the past two months. Maximus is the AV for the HFP and SPE. The reports list the performance measures contained in the contract between MRMIB and Maximus and Maximus’ performance in each category. In October, Maximus met all seven performance standards for HFP and all four performance standards for SPE. In November, Maximus met six of the seven performance standards for HFP and all four performance standards for SPE. The one performance not completely met was the failure to meet the “seconds to live voice” standard. This occurred because Maximus closed for the Thanksgiving holiday and call volume doubled the Monday following

Thanksgiving. The increased volume on that day caused Maximus to not meet the monthly standard of 85% (it was 82%). Dr. Crowell asked how Maximus could ensure that the problem would not be repeated over the Christmas and New Year's holidays. Mr. Lemberg replied that those holidays occur on the weekends and Maximus follows the state holiday schedule; there will be no days off.

Ms. Lopez gave an update on the backlog of appeals discussed at the October meeting. Maximus is current on the appeals submitted to them. However, MRMIB staff has over 1,500 appeals in-house, 50% of which are an average of five to six months old. In addition to the reduction in staff, there has been almost 75% turnover in the eligibility division. Staff continues to work overtime on a regular basis to process appeals.

Chairman Allenby called for public comment.

Celia Valdez, representing Maternal and Children Health Access (MCHA), thanked MRMIB staff for their willingness to meet on eligibility problems, but expressed overall concern about the appeals backlog. MCHA is supportive of the need for additional staffing. Many families are discouraged from appealing because it takes so long. Ms. Valez asked that the appeals form be revised to include a way to indicate whether the applicant has incurred out-of-pocket expenses. Ms. Lopez responded that a provision for indicating out-of-pocket expenses has been added to the form.

Chairman Allenby asked if there were any further questions or comments; there were none.

Retention Report

Irma Michel, former Deputy Director at MRMIB, gave the retention reports for 2001 and 2002 which show the number of children still enrolled after a year. (These reports can be found on the MRMIB website under Healthy Families/Special Reports.) She noted that this report is usually given every 12 months, but was not done last year because of the AV transition. Ms. Michel described the lengths to which the program goes to retain children in the program, including sending extra notices to renew, making phone calls, and enhancing the inter-active phone system. The 2002 report showed that 71% of children are still enrolled at the end of the first year of enrollment and after annual eligibility review, 2% higher than the rate in 2001. She reviewed the number that were unavoidable and those that were avoidable. She also noted a study undertaken by the National Academy of Health Policy (NASHP) that showed that 60% of the possibly avoidable disenrollments occurred because families consciously decided to end coverage. Richard Figueroa asked if NASHP will be doing another study. Ms. Michel replied that that staff has not heard if they will.

The report on 2003 retention will be made in March. In the future, MRMIB will report every March or April on the previous year's retention rate. Ms. Cummings added that under the contract with Maximus this report will be much easier to generate (beginning with data for 2005) because the data is automated. With the previous AV, the report

had to be done manually. Chairman Allenby asked if there were any questions or comments; there were none.

Outreach

Sarah Soto-Taylor reported that the Outreach Work Group did not meet following the HFP Advisory Panel meeting on November 9 due to lack of attendance. She highlighted current outreach efforts which include:

- Radio ads sponsored by CTA ran on 56 stations statewide in English, Spanish, and Asian languages.
- Maximus conducted a presentation to staff at the Los Angeles County Office of Education about the application process.
- The outreach coordinator for Connecting Kids to Health Care Through Schools traveled to rural areas in northern California and attended the CA School Board Association conference, and will continue to do so in the coming year.
- Health plans and staff met to discuss ways to ensure retention; some health plans have been surveying families who did not respond to AER.
- In the past year, over 1,200 CAAs have been trained. Information about the January 2005 training schedule can be found on MRMIB's web site at www.MRMIB.ca.gov. On-line CAA training will become available on January 31.
- During the last quarter, Health-E-App generated over 2,000 applications per month; phone-in application assistance was given to over 800 people per month. Over 9,000 calls were made to the outreach line in November.

Mr. Figueroa reported that Commissioner Garamendi will be meeting with Anthem concerning the undertakings. In the undertakings, Anthem has committed \$15 million (\$5 million per year for three years) to outreach. The Commissioner seeks advice from MRMIB on the best way to proceed. Ms. Cummings noted that the funds will be given under the assumption that they can be matched. David Topp added that Agency is working with the Department of Finance (DOF), the Department of Managed Health Care (DMHC), and MRMIB staff to facilitate use of the funds. Dr. Crowell asked what the funds will be use for. Ms. Cummings replied it will primarily go to application assistance.

Chairman Allenby called for public comment.

Celia Valdez, representing Maternal and Children Health Access as well as other community-based organizations, said they are very pleased there will be increased outreach activities. They would like to see the funds used for grant-based funding to provide comprehensive services rather than just application assistance because grants funds can be used comprehensively, for all children. It is important that a family be able to get assistance on their first attempt without having to be passed around depending on the program. They also feel that enrolling people is a service that should not be paid, as with CAAs.

Chairman Allenby asked if there were any further questions or comments; there were none.

AB 495 (Diaz)

Janette Lopez reported that the Packard Foundation has provided funds to finance four positions at MRMIB in the current year—two positions will be used in eligibility to finalize contracts with counties, and two in administration to work on the financial infrastructure to pay the counties.

Advisory Panel Summary

Ms. Cummings announced that because the Advisory Panel chairman's flight was fogged in, Janette Lopez would give the summary in his stead. Ms. Lopez reported there will be six vacancies to fill at the meeting in January. Most of the current members are renewing their terms. At the Panel's last meeting Ms. Cummings reported on the California Performance Review and unspent SCHIP funds. There was an update on legislation, the new Legislative Coordinator, Jeanne Brode, was introduced, and Dennis Gilliam was thanked for filling in until the position could be filled. The Panel also reviewed enrollment and audit reports. The HFP Advisory Panel Summary can be found on MRMIB's web site at www.MRMIB.ca.gov.

Community Provider Plan Process: Traditional and Safety Net Provider Listings

Carolyn Tagupa provided background and an overview of the community provider plan (CPP) process. A CPP designation allows a health plan in each county to offer the HFP package at a \$3 pmpm discount. The lists and the timeline for the process are posted on MRMIB's web site at www.MRMIB.ca.gov. The CPP for each county will be announced at the March 2 meeting. Questions can be directed to Ms. Tagupa at 916-324-7444, or ctagupa@mrmib.ca.gov.

Molina Health Plan Request to Discuss Proposed Assignment of Sharp Health Plan Contract to Molina

Joann Zarza-Garrido, CEO for Molina Health Care, described an agreement reached between Sharp Health Plan and Molina under which Sharp would assign its HFP, AIM and Medi-Cal membership in San Diego to Molina. A similar agreement is underway with Universal Care. The agreements would take effect in the second quarter of 2005 assuming all necessary state approvals are received. Kathlyn Mead, CEO of Sharp, was unable to attend because her flight was fogged in at San Diego. Chris Mardesich was present to represent Universal Care.

The agreements would affect approximately 20,000 HFP subscribers, 1,200 AIM, and 50,000 Medi-Cal subscribers with Sharp, and 3,400 HFP and 13,600 Medi-Cal subscribers with Universal Care. These assignments require approval by MRMIB, the

Department of Health Services (DHS), the California Medical Assistance Commission (CMAC), and the Department of Managed Health Care (DMHC).

Ms. Zarza-Garrido said Molina is committed to serving the HFP population, enumerated Molina's qualifications, and stressed that continuity of care would be a high priority. Based on history and experience, she expected 97% of subscribers would be able to continue with the same provider.

Mr. Figueroa said two critical issues were continuity of care and timing. He asked when exactly Molina would know about the specific number of subscribers who could continue with existing providers. He expressed concern that subscribers could become confused by the assignment to Molina during HFP's open enrollment process. Ms. Zarza-Garrido replied they are looking at May 1 as the start date. Mark Andrews, also representing Molina, added that the transaction was structured so that Molina could take assignment of the entire Sharp network in such a way that the change-over would not impact subscribers. He described Molina's experience and business practices in going through this process in other states. Because Molina grew up with government-sponsored healthcare as opposed to the commercial market, they have a history of success. Mr. Figueroa asked what DHS' timeline was for Molina to have their provider network in place. Kelly Ryan, also of Molina, replied that DHS thought it would possibly be April 1, but more likely May 1.

Mr. Mardesich also described Universal Care's past experience with similar transitions and assured the Board they do not anticipate any problems. He noted that in the commercial markets assignments occur during business' open enrollment periods without complication. There was further discussion among the Board and health plan representatives regarding the specifics of continuity of care, cultural competence and the feasibility of the timeline for the transition. Mr. Figueroa asked whether the transactions (with Medi-Cal versus HFP) are severable. Mr. Andrews and Mr. Mardesich said they would want to continue with HFP regardless, but they do not contemplate a piecemeal approach. They want both. David Topp asked how realistic a May 1 start date was given the need to get multiple agency approvals and line up the provider groups. Mr. Andrews replied that it was given Molina's experience and the response of the provider community.

Chairman Allenby asked Ms. Cummings for staff's assessment of the matter. She replied that MRMIB has always valued the ability of subscribers to choose health plans. Health plan contracts require that when a health plan is going to terminate coverage during a benefit year, the plan must pay for a special open enrollment that allows subscribers to choose from the remaining health plans available in the area. Staff encouraged the plans to make the transition next benefit year rather than during this benefit year so that subscribers could select their plan during open enrollment in May. She expressed the view that the plans would not likely receive approvals as early as they were expecting in any event and noted that staff just learned of Universal Care's request the day before the meeting. There was further discussion between the Board

and Ms. Cummings concerning the timing vis-à-vis open enrollment and the reprocurement process.

Chairman Allenby indicated that staff should work with the plans further focusing on the issue of continuity of care. If it was close to 100% for subscribers, staff should be able to work its way through it. He thought there was a potential synergy in the proposal. Mr. Figueroa commented that the timing would have to work out, however. Dr. Crowell noted that the proposal was taking up considerable staff time when staff is understaffed already. Ms. Gottlieb agreed that to proceed timing would have to work out and expressed concern about leaving subscribers without choice. Chairman Allenby asked staff to report back at the next meeting.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Ernesto Sanchez reported that there are currently 5,763 mothers and 13,681 infants enrolled in the program. He reviewed the enrollment data, including ethnicity, infant gender, and the counties and health plans with the highest percentage of enrollment.

Chairman Allenby called for public comment.

Celia Valdez acknowledged MRMIB for maximizing federal funding. However, she is concerned about the transfer of newborns into HFP. Communication with subscribers needs to be improved, and the questionnaires more timely and appropriate. In particular, she requested that in the case of a miscarriage the woman not have to endure the added stress of paying her premium subsequent to the lost pregnancy. Chairman Allenby asked that an update be given at the next meeting. He asked if there were any further questions or public comment; there were none.

Quarterly Financial Report

Stuart Busby reported that as of September 30, 2004, there were total assets of \$30,069,612, total liabilities of \$27,583,897, and a fund balance of \$30,069,612. For the three months ending September 30, 2004, total revenues were \$34,901,167, total expenditures were \$34,711,967, with an ending fund balance of \$2,485,715.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Ernesto Sanchez reported that there are currently 9,356 people enrolled in the program. As of December 1, there are 44 on the waiting list serving the post-enrollment waiting period. During the past month, one person was disenrolled pursuant to AB 1401. The total number of 36-month disenrollments to-date is 9,851. The program remains open to new subscribers since the current enrollment is below the cap of 10,718.

Ms. Gottlieb indicated that she would like to understand about the impact of AB 1401 on MRMIP enrollment. How many MRMIP enrollees are newly enrolled? How many of the graduates have left coverage? Did they get other coverage? Have they re-enrolled into MRMIP coverage? She noted that answering these questions may require a survey of MRMIP graduates, but that she thought it important to get more information on AB1401 impacts.

Ms. Crowell commented that she thought the data report on ethnicity might have a problem, noting a change which seemed unexplained.

Quarterly Fiscal Report

Mr. Busby reported that as of September 30, 2004, there were total assets of \$29,506,020, total liabilities of \$10,092,610, and a fund balance of \$29,506,020. For the three months ending September 30, 2004, total revenues were \$8,881,367, total expenditures were \$9,712,096, with an ending fund balance of \$19,413,410.

There being no further business to come before the Board, the meeting was adjourned.